



May 10, 2006

TO: Transportation Authority of Marin Commissioners

FROM: Dianne Steinhauser, Executive Director

RE: Proposed TAM FY 2006-07 Budget – Agenda Item 9

Dear Commissioners:

### **Executive Summary**

Attached for your review is the Draft Fiscal Year 2006-07 TAM budget. This preliminary proposed annual budget will be reviewed by the Executive Committee at their May 10<sup>th</sup> meeting. Further comments will be sought at the TAM Board meeting of May 25<sup>th</sup>. The draft budget will be posted on the TAM website for public review and comment for a minimum of thirty days, prior to Board consideration for approval at the June 22<sup>nd</sup> TAM Board meeting. Pursuant to Article VI, Section 106.1 of the TAM Administrative Code, no later than the Authority's June meeting, the Board shall adopt by motion the annual budget for the ensuing fiscal year. The Administrative Code further requires that a public hearing be held on the adoption of the budget, which will be conducted at the beginning of the June 22<sup>nd</sup> TAM board meeting. Draft budget information will be presented to the City/Town Managers and County Administrator at their May 25<sup>th</sup> meeting.

The Draft Fiscal Year 2006-07 TAM Budget meets the needs of the agency as outlined in TAM's 2006-07 Workplan. The attached budget documents include the Fiscal Year 2006-07 Preliminary Proposed Budget (Attachment A), and the Budget Assumptions (Attachment B) that contain detail on budget elements. Budget highlights are described below.

**Recommendation: Provide comments on the preliminary Proposed FY 2006-07 and suggest any changes. Direct staff to schedule a public hearing for June 22, 2006, and to post the Proposed FY 2006-07 budget on the TAM website at least 30 days prior to the public hearing.**

### **Background - Contents of the Budget**

The Fiscal Year 2006-07 Budget is planned for adoption at the June 22<sup>nd</sup>, 2006 TAM Board meeting. The budget illustrates known and estimated revenues, as well as estimated expenditures. The TAM Budget contains all funds that TAM comes into contact with, both as the grantor of funds, such as Measure A funds, and the grantee, such as federal funds received from MTC. There are many permutations on the fund sources TAM comes into contact with. In some cases, TAM receives the funds on a reimbursable basis, such as the Regional Measure 2 Toll

**Making the Most of Marin County Transportation Dollars**

Funds. There are a number of fund sources that TAM is tasked with developing a program of projects for, but the funds themselves do not flow through TAM. This is true of STIP funds, that are a combination of federal and state funds coming through Caltrans and the CTC , and of TLC/HIP funds, coming through MTC and Caltrans. If TAM happens to be the actual sponsor of one of these projects, such as the recipient of TDA Article 3 funds for the Bike Plan updates, then the funds are in TAM's budget. If TAM does not come into actual contact with the funds, regardless of the source, they are not in TAM's Budget. TAM retains a role as the CMA however, in controlling the destiny of many of these fund sources, whether we come into contact with them or not.

### **TAM continues its transition**

TAM begins the FY 2006-07 year completing its transition to an independently functioning agency integrating the CMA and Sales Tax Authority functions of TAM. TAM has learned from its first year of actual expenditures, and assigned likely costs for FY 2006-07 accordingly. Regarding the ongoing transition, the office site selected by TAM in the Spring of 2006 will be built out over the Summer of 2006, with TAM staff moving into their new office in Fall 2006. The budget includes the ongoing establishment of the independent office for TAM as well as the furniture budget that will rollover from FY 2005-06. The lease costs and related office costs are assigned to the funds TAM receives from MTC as CMA support funding.

Tam's ongoing staffing needs will be met in three ways next year:

- TAM continues in its transition from staff supplied by the Marin County Public Works Department to staff employed directly by TAM. Nonetheless, TAM will be retaining 2 ½ FTE's as County staff next year, to continue critical work such as the Greenbrae Corridor development and TAM's Planning activities.
- TAM will have the six full time positions approved by the TAM Board in the Winter of 2006 onboard on July 1<sup>st</sup> 2006. The full complement of staff costs in salaries and benefits are included in the draft budget.
- TAM will continue to have support needs beyond the staffing approved by the TAM Board. As envisioned, TAM will retain a Project Management Oversight consultant team as it moves through Fiscal year 2006-07. In the first part of the fiscal year, TAM will retain the Nolte team to continue in its project and program management oversight role. TAM will be advertising anew for support covering the oversight role in the latter half of the Fiscal Year. That RFQ will be sent out for consideration in May 2006, with no expenditures realized until FY 2006-07.

### **Professional Services**

TAM will manage a number of professional service contracts next year, several continuing from Fiscal Year 2005-06. Along with the ongoing project and program management support mentioned above, TAM will be directly managing the Greenbrae Corridor planning and environmental documentation/preliminary engineering efforts. TAM will be continuing to develop the TOD/Ped Toolkit; the Community Based Transportation Plan processes in the Canal Neighborhood as well as Marin City; the Bike Plan update processes in Marin's cities and towns as well as the county; and various computer service, human resources, and Board support services. TAM will be starting State Legislative Assistance and Financial Advisor team contracts in the next Fiscal Year. As well, TAM will be contracting with the County of Marin for legal support through County Counsel, and fiscal management through the Marin County Auditor/Controllers Office. The various professional contracts are funded through the fund

sources applicable to the effort, such as RM2 for the Greenbrae Corridor, MTC TPLUS funds for the TOD/ped Toolkit work, and TDA Article 3 for the Bikeplan update process.

### **Potential New Revenues**

TAM may have an opportunity to receive additional support through the 2006 STIP for Planning, Programming, and Monitoring (PPM) activities, if Assembly Bill 2538 (Wolk) passes, and funds are hence made available in January 2007. Current statutes limit this amount to 1% of STIP funds, to be split between TAM and MTC. Marin County's share of PPM funds is \$24,000 this year, and will be used for staff salaries. The TAM Board will consider supporting the Wolk proposal which re-sets the cap for PPM funds at 5%. Depending on the rules applied regarding how to access these funds, they may be available after January 2007.

### **Measure A Reserve and Planned Expenditures**

Per policy being considered by the TAM board in the Draft 2006 Measure A Strategic Plan, a 5% reserve of Measure A will be set aside annually for five years. FY 2006-07 is the first year of reserve, with \$975,000 set aside.

There is not any debt issuance planned in Fiscal Year 2006-07. Planned expenditures of Measure A for the 101 Gap Closure Project will continue next year to be primarily for support activities, and be covered by accrued tax. Progress in incorporating the Puerto Suello Hill Bike/ped path and sound absorbing soundwall system into the upcoming Highway 101 widening will culminate in the combined project being advertised in the Fall of 2006. It is currently planned that other fund sources will be spent down prior to Measure A. Actual debt issuance will likely not be necessary until late in FY 2007-08. The details of future financing are still to be determined. Project costs are still fluctuating. There is no demand in the next fiscal year for any other debt financing for other eligible capital projects.

Note that the draft budget includes fund leveraging adopted by the TAM Board in December 2005. The fund leveraging proposal makes Measure A sales tax available for TLC/HIP projects in the next fiscal year, projects that would have received federal funds. Those federal funds are instead going into the Hwy 101 Gap Closure carpool lane project. The Measure A amounts for these swapped projects are included in the Strategy 2 expenditures for the Gap Closure.

Planned expenditures for the remaining Measure A Strategies are within the accrued tax available to each strategy. Details are depicted in the TAM Draft 2006 Measure A Strategic Plan.

### **Prior Year Carry Forward**

Staff has estimated the Fiscal Year 2005-06 carryover likely to be available June 30<sup>th</sup> 2006. The accumulation of sales tax for one full year has resulted in a carryover balance of \$6,645,296. At this time, all of that revenue is restricted. In other words, it is planned expenditures in upcoming years, including FY 2006-07 per the draft Strategic Plan, as well as a first year of accumulated reserve.

### **Appropriations Limit**

TAM Ordinance 2004-1 adopted the final Measure A Sales Tax Expenditure Plan and an annual appropriations limit (Gann Limit) as required by Article XIII B of the State Constitution.. Each year the limit is re-calculated based on inflation and population growth factors. As shown in Attachment C, the FY 2006-07 appropriations limit is \$52,797,509, and the net sales tax amount

subject to limitation is \$28,797,509. This sales tax amount includes the prior year carry forward and new Measure A revenues available in FY 2006-07. At this time, approximately \$6.7 million of that amount is proposed to be carried forward into FY 2007-08.

### **Recommendation**

Staff recommends that TAM:

1. Provide comments on the preliminary Proposed FY 2006-07 and suggest any changes.
2. Direct staff to schedule a public hearing for June 22, 2006, and to post the Proposed FY 2006-07 budget on the TAM website at least 30 days prior to the public hearing.

Attachments:           A. Preliminary Proposed FY 2006-07 Budget  
                              B. Budget Assumptions  
                              C. Calculation of FY 2006/07 Appropriation Limit

**DRAFT**  
**Transportation Authority of Marin**  
**Preliminary Proposed FY 2006-07 Budget**

<b>Acct. Code</b>		<b>Adopted FY 05-06</b>	<b>Proposed FY 06-07</b>	<b>Change</b>
<b>REVENUE</b>				
	<b>Prior Year Carry Forward</b>	\$75,000	\$6,645,296	\$6,570,296
9741	Cities and Counties	\$430,000	\$430,000	\$0
9201	Interest Earned	1,000	0	-1,000
9475	STP/CMAQ/T-Plus (MTC)	390,000	390,000	0
9292	STIP/PPM	24,000	24,000	0
9475	STP One-Time	0	130,000	130,000
9423	BAAQMD	18,738	18,738	0
9479	RM-2	200,000	250,000	50,000
9489	Community Based Transportation	107,400	60,000	-47,400
	TDA Article 3	0	77,050	77,050
	MSN Federal Earmark	0	850,000	850,000
9476	Measure A (net of BOE fees)	19,819,256	19,503,000	-316,256
9478	Measure A Bond Proceeds/Credit	5,485,000	0	-5,485,000
	<b>Total Revenue Available</b>	<b>\$26,550,394</b>	<b>\$28,378,084</b>	<b>\$1,827,690</b>
<b>EXPENDITURES</b>				
	<b>Administration</b>			
1001	Salaries & Benefits	\$1,073,758	\$1,326,599	\$252,841
2246	Office Lease	79,800	155,000	75,200
4985	Furniture	55,500	79,500	24,000
4985	Equipment	24,200	19,700	-4,500
2534	Telephone	8,500	14,300	5,800
2133	Office Supplies	20,000	20,000	0
2059	Insurance	10,000	15,000	5,000
2717	Audit	20,000	12,000	-8,000
2713	Legal	10,000	20,000	10,000
2717	Accounting/Payroll	20,000	10,000	-10,000
2137	Document Reproduction	20,000	10,000	-10,000
2135	Memberships	5,000	10,000	5,000
2479	Travel/Meetings/Conferences	10,000	15,000	5,000
3301/3302	Line of Credit	5,485,000	0	-5,485,000
	<b>Subtotal, Administration</b>	<b>\$6,841,758</b>	<b>\$1,707,099</b>	<b>-\$5,134,659</b>

	<b>Professional Services</b>			
2533	CMP	\$49,000	\$120,000	\$71,000
2533	T-PLUS	105,000	75,000	-30,000
2533	PMO Consultant	551,200	402,633	-148,567
2533	Community Based Transit	101,400	54,000	-47,400
2533	Bike Planning	0	77,050	77,050
2533	MSN Toll Road Macro. Study	0	150,000	150,000
2533	State Legislative Assistance	0	35,000	35,000
2533	Financial Advisor	0	35,000	35,000
2533	HR/IT/Board Support	0	45,000	45,000
2533	Consulting Pool	50,000	100,000	50,000
	<b>Subtotal, Professional Services</b>	<b>\$856,600</b>	<b>\$1,093,683</b>	<b>\$237,083</b>
	<b>Measure A Programs</b>			
	Reserve	1,981,926	1,032,150	-\$949,776
	Project Management	514,500	765,000	250,500
	Strategy 1 - Transit	5,897,000	8,945,389	3,048,389
	Strategy 2 - Gap Closure	1,350,000	1,490,732	140,732
	Strategy 3 - Streets & Rds	1,506,044	4,810,190	3,304,146
	Strategy 4 - Safe Routes	940,000	1,295,000	355,000
	<b>Subtotal, Measure A Programs</b>	<b>\$12,189,470</b>	<b>\$18,338,461</b>	<b>\$6,148,991</b>
	<b>Total Expenditures</b>	<b>\$19,887,828</b>	<b>\$21,139,243</b>	<b>\$1,251,415</b>
	<b>Surplus/Deficit</b>	<b>\$6,662,566</b>	<b>\$7,238,841</b>	<b>\$576,275</b>

05/05/06 Draft

## Transportation Authority of Marin

### Estimated FY 2006-07 Budget Key Assumptions

Item	Assumption
<b>EXPENDITURES</b>	
Salaries and Benefits	Based on salary survey for Finance Manager and Exec. Asst./Clerk positions presented to Board on 12/05/05; other manager positions assumed to be same range as Finance Manager; DPW contract estimates
Office Lease	Carry forward of \$25,000 from FY 06; 5,000 sf @\$2.50/sf/mo = \$150,000 per year; \$5,000 per year for utilities
Furniture	Carry forward from FY 06 budget; 9 workstations at \$8,000 each; \$7,500 for Capital Division Support
Equipment	Carry forward from FY 06: 1 computer @ \$1,800; Server \$8,000; New Software = \$500; New in FY 07 Software upgrades = \$2,500; assumes 6 computers and software are purchased in FY 06
Telephone	Carry forward purchase and installation FY 06 budgeted amount of \$3,500; \$900/mo * 12 mos = \$12,000 per year for voice and data lines
Office Supplies	Based on prior year estimated actual, plus increase for increased staffing; includes copier lease
Document Reproduction	Based on prior year estimated actual, including Annual Report production
Insurance	Based on similar organizations
Audit	Based on FY 06 actual
Legal	Based on prior year estimated actual plus additional activity
County Acctg Services	Based on contract estimate
Memberships/Dues	Self Help Counties Coalition, CalCOG, dues for employees' professional memberships
Travel, Training and	Based on prior year estimated actual plus additional travel for increased staffing
Conferences	
Interest	To be determined

Professional Services	Based on current and anticipated consulting contracts; Consulting Pool based on anticipated potential needs for Federal Legislative support, Contingencies
Measure A Programs	Project management fees are assigned to strategies; amounts allocated to programs per the proposed Strategic Plan
Measure A Reserve	A 5% reserve fund is established as allowed in the Expenditure Plan to address potential variations in sales tax revenues

## **REVENUES**

Cities and Counties	Based on 50% roadmiles/50% population formula using current data; amounts for cities and county is detailed below.
STP/ CMAQ/ Tplus (MTC)	Based on annual STP planning funds for CMA function and T-Plus program; one-time annual revenues of \$130,000 included this year.
STIP/ PPM (MTC)	Current statutes limit this amount to 1% of STIP funds. Marin County's share of PPM funds is \$24,000 this year
BAAQMD/ TFCA	Funds for administering the Transportation Funds for Clean Air program are governed by BAAQMD limits.
RM-2	RM-2 Bridge Toll funds for Marin County projects are managed by TAM. The amount budgeted is for salaries and benefits for Greenbrae Corridor project management and support.
CBT	Community Based Transportation grants have been received for two study areas: Marin City and the Canal neighborhood of San Rafael.
TDA Art. 3	TDA Article 3 funds will be used for the Bicycle and Pedestrian Plan update.
MSN Fed Earmark	An earmark for the Marin Sonoma Narrows project was made available through SAFETEA-LU. Initial expenditures of this grant will be for a Toll Road Macroeconomic Study to begin this year.
Measure A	Based on conservative estimates; BOE fees are "taken off the top" before percentage allocations are made to programs; carry forward estimate from FY 05-06 based on actuals through March 2006 and proposed Strategic Plan



## Transportation Authority of Marin

### Estimated FY 2006-07 Budget Cities and Counties Revenue<sup>1</sup>

Agency	% Pro-Rata Share <sup>2</sup>	Proposed Pro-Rata Amount
Belvedere	1.02%	\$ 4,371
Corte Madera	2.95%	\$ 12,688
Fairfax	2.87%	\$ 12,357
Larkspur	4.14%	\$ 17,794
Mill Valley	6.05%	\$ 26,005
Novato	17.10%	\$ 73,536
Ross	1.23%	\$ 5,271
San Anselmo	4.78%	\$ 20,563
San Rafael	20.13%	\$ 86,548
Sausalito	2.84%	\$ 12,208
Tiburon	3.26%	\$ 14,011
County	33.64%	\$ 144,648
<b>Total</b>	<b>100.00%</b>	<b>\$ 430,000</b>

**Notes:**

1. Based on 50% roadmiles and 50% population formula.
2. Based on most current Department of Finance Population Estimates and Marin County road miles data.

## Transportation Authority of Marin

### **Calculation of FY 2006/07 Appropriation Limit**

The application of the annual growth factors to the FY 2005/06 Limit results in a FY 2006/07 Limit of \$52,797,509.

FY 2005/06 Appropriation Limit		\$	50,000,000
Inflation Factor (Per capita income change, 2004-2005)	X		1.0516
Population Factor (Population change, 2004-2005)	X		<u>1.0041</u>
FY 2006/07 Appropriation Limit		\$	52,797,509

Based on these calculations, the FY 2006/07 Appropriation Limit has been established for the Transportation Authority of Marin (TAM) at \$52,797,509.

### **Appropriations Subject to the Limit**

The amounts in TAM's FY 2006/07 Proposed Budget subject to the Limit (net proceeds of taxes) total \$28,378,084. This amount is significantly below the required Limit:

FY 2006/07 Appropriation Limit	\$	52,797,509
FY 2006/07 Appropriations Subject to Limit	\$	28,378,084
Amount under Limit	\$	24,419,425

#### Sources:

##### 1. Per Capita Income, California

Bureau of Economic Analysis, U.S. Department of Commerce, Per Capita Income by State and Region, 2004-2005.

Washington, DC, March 2006.

<http://www.bea.gov/bea/regional/statelocal.htm>

##### 2. Population, Marin County

State of California, Department of Finance, California County Population Estimates and Components of Change by Year, July 1, 2000–2005. Sacramento, California, March 2006.

[http://www.dof.ca.gov/HTML/DEMOGRAP/Estimates/E-2/E-2\\_2000-05.asp](http://www.dof.ca.gov/HTML/DEMOGRAP/Estimates/E-2/E-2_2000-05.asp)